



# CITY OF SAN ANTONIO

P. O. BOX 839966  
SAN ANTONIO TEXAS 78283-3966

February 17, 2006

Frances Gonzalez  
Assistant City Manager

Dear Ms. Gonzalez:

RE: Draft Report - Audit of Department of Community Initiatives' Child Care Delivery System

An audit of the Department of Community Initiatives' (DCI) Child Care Delivery System (CCDS) has been completed. The audit was to determine DCI's effectiveness in managing child care services for the City of San Antonio. In addition to client eligibility, we evaluated the appropriateness of grant fund administration, management of work, internal controls, and monitoring activities.

The focus of this internal audit is different from those performed by Alamo Workforce Development, Inc. (AWS) and the City's external audit firm. However, the observations in the draft report include significant management and internal control issues, most of which are similar to those found in previous internal monitoring and external audit reports, including AWS and the single audit. To date, AWS has not penalized the City for failure to correct these repetitive issues; the City should strive to demonstrate exemplary efforts in managing the CCDS and other grant funds. The external auditors are currently reviewing the CCDS Program for fiscal year 2005 expenditures and compliance as part of the single audit process.

The recommendations in this draft report are directed to the City Manager since they are broad and high-level regarding grants management. Ultimately, the City Manager must ensure that corrective measures are implemented by DCI. It is our expectation that you will work with, or coordinate with, DCI on its responses for the City Manager's approval.

This draft report was provided to DCI Management during a meeting on February 8, 2006. It is now being submitted for your review as well. A follow-up meeting of the audit team and DCI Management is being arranged for next week to discuss in the observations and recommendations. We would certainly invite your participation if possible. It is not necessary for the City to have responses ready at this meeting; however, tentative responses can be discussed or questions asked about them, if desired.

The cooperation and assistance extended by DCI and CCDS Program staff in performing this audit was greatly appreciated. If you should have any questions, please do not hesitate to contact me. Thank you for the opportunity to perform this audit.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patricia M. Major".

Patricia M. Major CPA, CIA, CTP, CGFM  
City Internal Auditor

Cc: Dennis Campa Director, Community Initiatives Department  
Ben Gorzell Acting Director, Finance Department